

## Message Text

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PAGE 01 BUDAPE 02336 150857Z  
ACTION EUR-12

INFO OCT-01 ISO-00 FBO-02 L-03 /018 W  
-----064758 150906Z /20  
P 150649Z JUL 77  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC PRIORITY 8924

LIMITED OFFICIAL USE BUDAPEST 2336

FOR EUR/EE, EUR/EX, AND FSO

E.O. 11652: N/A  
TAGS: ABLD PFOR HU  
SUBJECT: PROPERTY NEGOTIATION - ROUND ONE

1. NEGOTIATING TEAM MET MORNING JULY 14 WITH DSD ACTING DIRECTOR KISS, OTHER DSD SPECIALISTS, AND MFA AMERICAN DESK OFFICER FOR INITIAL DISCUSSIONS. HUNGARIAN SIDE WAS UNPREPARED TO GIVE THEIR VALUATION OF PROPERTIES USG WISHES TO SELL, AND REPRESENTATIVES OF FINANCE MINISTRY AND BUDAPEST CITY COUNCIL WERE ON SUMMER HOLIDAY.
2. NONETHELESS, WIDERANGING CONVERSATION IDENTIFIES FOLLOWING POINTS:
  - A. GOH WANTS TO REACH OVER-ALL SETTLEMENT OF PROPERTY ISSUES INCLUDING HELPING USG MEET CURRENT AND FUTURE NEEDS,
  - B. GOH WISHES TO ACQUIRE ALL NINE PROPERTIES WE OFFERED TO SELL (EXPROPRIATED ROOSEVELT TER LAND WAS ONE OF THE NINE WE IDENTIFIED);,
  - C. UNDER NEW LAND LAW, FOREIGN MISSIONS CANNOT SELL PROPERTY TO ONE ANOTHER AND FOREIGN MISSIONS CANNOT ACQUIRE NEW LAND. MISSIONS MAY OBTAIN LAND ON 99-YEAR OR LIFE-OF BUILDING LEASE ONLY -- NO FEE SIMPLE TITLES.
  - D. HUNGARIANS ARE ANXIOUS TO RECEIVE CONSTRUCTION

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CONTRACT FOR ANY NEW USG BUILDINGS. KISS HINTED, IN AN EXAMPLE, THAT IF A WDYTERN MISSION HAD A CREDIT OF 100 MILLION FORINTS (\$5 MILLION) THAT THIS COULD BE USED FOR CONSTRUCTION COSTS.

2. GOH CONSIDERS VALUE OF CASTLE AREA PROPERTY (DISZTER, BABITS MIHALY SETANY, AND TANACIS MIHALY) TO BE LOW

SINCE THIS CAN ONLY BE USED (BY THEM) IN KEEPING WITH  
THE NATIONAL MONUMENT CHARACTER OF THE AREA. THEY ALSO  
MENTIONED AT ONE POINT THAT TURNING OVER SOME OF  
OUR PROPERTIES WOULD BE ADVANTAGEOUS AS OUR CONSIDERABLE  
M&R COSTS AND PROBLEMS WOULD BE REDUCED.

3. U.S. TEAM AGREED TO PRESENT COMPREHENSIVE PROPOSAL  
JULY 15 WHICH WOULD INCLUDE SALE PRICE FOR ALL NINE  
PROPERTIES AND OUR SHOPPING LIST. EVALUATION OF OUR  
PROPERTY WILL BE BASED ON RENTS PAID BY USG, OTHER  
WESTERN MISSIONS AND WESTERN BUSINESS FIRMS, SINCE THIS  
IS THE ONLY SYSTEM UNDER WHICH TEAM CAN IDENTIFY  
LAND AND PROPERTY VALUES IN BUDAPEST. WE BELIEVE THAT  
THIS WILL PERMIT US SUFFICIENT NEGOTIATING  
FLEXIBILITY.  
MUDD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REAL PROPERTY DISPOSAL, NEGOTIATIONS  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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22 May 2009  
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